

Views *of the*

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Committee on Appropriations
United States Senate

on the First
Concurrent Resolution
on the Budget

Fiscal Year 1984

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V I E W S
OF THE
Committee on Appropriations
United States Senate
ON THE
FIRST
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ON THE BUDGET

FISCAL YEAR 1984

MARCH 8, 1983

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INTRODUCTION

This report sets forth the views and estimates of the Committee on Appropriations on the President's fiscal year 1984 budget request, and is submitted in accordance with section 301(c) of the Congressional Budget Act of 1974.

It is the Committee's estimate that the funding requirements of the programs within its jurisdiction will require the enactment of new budget authority of between \$516,700,000,000 and \$546,900,000,000 for fiscal year 1984. Outlays resulting from this budget authority and prior year obligations will amount to between \$502,300,000,000 and \$520,300,000,000.

The Committee is again submitting a range of estimates for its fiscal year 1984 spending requirements to illustrate the contingencies facing the Committee and the Congress. It is impossible to be more precise at this early date. The President's budget has been before the Committee for barely 1 month, and thus the appropriations process has just begun. Three days of economic overview hearings were held in February to provide the general economic perspective helpful in reaching individual program decisions. In addition, 10 of our 13 subcommittees have begun hearings on the programs within their jurisdiction. However, while 36 days of hearings have been held on the fiscal year 1984 budget, another 162 are scheduled, and the Committee is far from reaching the individual programmatic decisions which together constitute the sum of the Committee's recommendations.

Once again the Committee's estimating effort is complicated by the fact that the President's budget includes entitlement reform which is not within the jurisdiction of this Committee, but which nevertheless impacts heavily on appropriations requirements. For example, a major element of the President's deficit reduction program is a 6-month delay in cost of living adjustments for social security and other indexed programs. Adoption of this recommendation would result in fiscal year 1984 savings of over \$4,000,000,000. Yet over the past 2 years the Congress has rejected a number of budget constraining initiatives of the President, and, therefore, the Committee cannot assume passage of all the President's proposals in estimating its fiscal year 1984 requirements. This type of uncertainty has forced the Committee to submit a range of estimates in this report.

ECONOMIC CONTEXT FOR APPROPRIATIONS DECISIONS

The Committee has begun this year's appropriations cycle at a time of renewed hope for our economy and for the millions of Americans who have suffered from the recession, but also at a time of profound

concern about some of the economic realities facing us. On the plus side, inflation has been reduced to the lowest level in a decade, and a broad number of indicators reflect a recovery from the deepest recession since the 1930's.

On the negative side, even with the recent improvement, the Nation's unemployment rate was an unacceptably high 10.4 percent in January and February, or 10.2 percent if our armed forces are included. This nearly unprecedented rate of unemployment, and the forecasts for a very weak recovery, have led the Committee to recommend this very day the adoption of a \$3,900,000,000 bill to spur employment by hastening or initiating work on Federal programs and construction.

Equally distressing to the Committee are the projections for the Federal deficit. The administration anticipates a deficit of \$231,000,000,000 in fiscal year 1984, rising to \$300,000,000,000 in fiscal year 1988 if no deficit reduction proposals are agreed to. The Congressional Budget Office (CBO) is more optimistic, with comparable estimates of \$200,000,000,000 in fiscal year 1984 and \$268,000,000,000 in fiscal year 1988. Even with adoption of 100 percent of the administration's recommendations for spending cuts and tax increases, the deficit shrinks only to \$189,000,000,000 in fiscal year 1984 and \$117,000,000,000 in fiscal year 1988, by the administration estimate. CBO forecasts deficits of \$176,000,000,000 and \$159,000,000,000 for the same year.

Witnesses testifying during the Committee's economic overview hearing were unanimous in their view that the out-year deficits in particular must be reduced in order to insure a sustained recovery from the recession. Many believed that deficits in the range of two percent of gross national product by fiscal year 1988 would be tolerable, and would serve to lower interest rates now.

Others believe this magnitude of deficit would be too large. For example, a bipartisan group of former senior Government officials, including five former Treasury Secretaries, argue that the deficit must be brought down to \$75,000,000,000 by fiscal year 1985, rather than the administration's plan for a \$194,000,000,000 deficit in that year.

Of course, there is a wide variety of opinion on how to best reduce deficits to the necessary level. On the spending side, for the third straight year, the administration favors cutting domestic spending, while countervailing these cuts with a 14-percent single year increase in defense spending.

DOMESTIC SPENDING

The Committee has expressed its concern numerous times in recent years about the shrinking portion of the Federal budget which can be controlled through the annual appropriations process, and about the targeting of proposed spending reductions within the small percentage of truly discretionary nondefense programs. In fiscal year 1983, for example, estimated outlays for entitlements and other mandatory costs were several times higher than the figure for nondefense discretionary programs, but the administration sought more actual savings in these controllable programs than in entitlements.

APPROPRIATIONS SCHEDULE

The Committee has been urged to accelerate the appropriations process this year, and report all 13 regular fiscal year 1984 bills by May 15. While the Committee will endeavor to accommodate this request, it will be particularly difficult to do so for our subcommittees with the largest jurisdictions—Defense, as well as Labor, Health and Human Services, Education, and related agencies.

Last year, for the first time since fiscal year 1979, Congress completed action on all 13 appropriations bills before the President's request for the following year was received. Nevertheless, there was criticism of the slow pace of enactment of the bills, as most were considered in the post-election session, and only one was enacted prior to the October 1 beginning of the fiscal year.

A review of the circumstances leading to enactment of the bills is necessary to place the delay in context. While the Congressional Budget and Impoundment Control Act of 1974 calls for adoption of the first concurrent budget resolution by May 15, and for action on appropriations bills to follow promptly after the subcommittee allocation process, the first concurrent budget resolution for fiscal year 1983 was finally adopted on June 23. This resolution called for deficit reducing actions through reconciliation of \$27,500,000,000 for fiscal year 1983.

Action on the reconciliation measure, on the debt limit bill with its nongermane social issue amendments, and on fiscal year 1983 supplemental appropriations bills which were repeatedly vetoed occupied the time normally devoted to regular appropriations bills. The result was that by the Labor Day recess, which ended September 9, the House had passed only one fiscal year 1983 bill, and this Committee had ordered reported just one bill.

With Congress' return, just 16 weekdays remained before the beginning of the fiscal year. In this 3-week period, the Committee reported nine bills, including eight original Senate bills. Reports on the remaining bills were filed during the post-election session.

In the 5 days of legislative session between September 23, when action on the one-sentence debt limit extension measure was finally completed, and October 1, the Senate passed four of the appropriations bills received from the House, including the continuing resolution. Another House-passed measure could not be taken up by the Senate because of opposition to its floor consideration by other Members of the Senate.

More than any other Members of the Senate, the Members of this Committee desire that appropriations bills be enacted in a timely manner, so as to avoid the need for continuing resolutions. To accomplish this objective, however, adequate floor time must be set aside for these bills, and the Senate's proclivity for time-consuming nongermane floor amendments must be curbed. In this connection, the Committee supports the efforts of the Ad Hoc Task Force on Senate Rules Changes to focus on restricting nongermane riders on appropriations bills.

The following table shows the Committee's recommendations by subcommittee:

The Committee congratulates the administration on the increasing focus in the fiscal year 1984 budget on entitlements. However, the consensus of the Committee is that spending reductions are still too heavily weighed to discretionary programs. Entitlements—increasing as a portion of the Federal budget from 33 percent in 1970 to 47 percent in 1980—have been the culprit of increased domestic spending. Discretionary programs, in contrast, remained relatively constant in the same decade as a percent of the budget.

For fiscal year 1984, the Congressional Budget Office estimates baseline spending of about \$395,000,000,000 for mandatory programs. The budget would reduce this by nearly \$9,000,000,000 or 2.3 percent. For discretionary nondefense programs, CBO projects baseline outlays at \$153,000,000,000, and calculates the administration's proposed reductions at just over \$5,000,000,000, a 3.5-percent reduction. Over the next 5 years, President Reagan's program would result in a 4-percent reduction in outlays for mandatory programs from the baseline projections, but a 7.2-percent reduction in outlays from the baseline for discretionary programs.

In general, the Committee believes that the present level of services offered in discretionary programs should be maintained, after 2 years of substantial reductions.

DEFENSE

The Committee recognizes the importance of maintaining a strong national defense and understands the need to reverse a 10-year decline in real military spending. The Committee cannot, however, ignore the extraordinary pressure which the President's proposed defense budget places on funding for other Government programs. As proposed in the President's fiscal year 1984 budget, defense spending would increase by over 10 percent in real terms, comprising, within this Committee's jurisdiction, 51 percent of all new budget authority and 46 percent of fiscal year 1984 outlays within this Committee's jurisdiction.

In addition to the balance between defense and nondefense spending, the Committee is extremely troubled by the cost-growth for major weapon systems. CBO indicates that the cost of 60 major defense items escalated by \$2,600,000,000 in the fiscal year 1984 budget. These increases reflect higher estimates of costs per unit in real terms, after adjustment for inflation. The unit costs of three systems, the Laser Maverick missile, the MX missile, and the SH-60B helicopter increased by more than 50 percent in a single year.

Further, reports from the CBO, the General Accounting Office, and the Department of Defense itself indicate that out-year costs may be underestimated by 3.5 to 3.9 percent annually (about \$48,000,000,000 over 5 years). Notwithstanding the controversy which may surround certain individual systems, the Congress, and particularly this Committee, must be able to make realistic assumptions about the out-year cost of our modernization effort before we commit ourselves to further increases in defense spending. The Committee is determined that overall readiness not be sacrificed to pay for the escalating costs of weapons.

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FISCAL YEAR 1984

[in billions of dollars]

Subcommittee	President's budget ¹		Low appropriation estimate		High appropriation estimate	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Agriculture	34.0	21.4	34.0	21.4	36.2	24.4
Commerce-Justice ²	10.2	11.0	10.2	11.0	10.2	11.1
Defense	265.1	231.2	263.5	231.2	263.5	231.2
District of Columbia	6	6	6	6	6	6
Energy-Water	14.5	14.4	14.5	14.4	15.1	14.8
Foreign Operations	11.6	9.4	11.6	9.4	12.1	9.9
HUD	46.2	57.4	46.2	57.4	55.4	58.4
Interior	6.7	8.0	6.7	8.0	8.3	9.0
Labor-HHS	97.1	103.9	97.1	103.9	105.2	109.0
Legislative	1.5	1.5	1.5	1.5	1.5	1.5
Military Construction	8.7	7.2	8.2	7.2	8.7	7.2
Transportation	11.0	24.8	11.0	24.8	13.2	26.5
Treasury	11.6	11.5	11.6	11.5	12.0	11.9
Unassigned					³ 4.9	³ 4.8
Total	518.8	502.3	516.7	502.3	546.9	520.3

¹ Reestimate by CBO.² Includes items proposed for later transmittal to Congress, also includes \$257,000,000 for Legal Services Corporation.³ Includes additional pay supplemental requirements for civilian and military personnel if 4 percent cost-of-living adjustment is not eliminated.

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

The administration's fiscal year 1984 budget request for programs under the jurisdiction of the Agriculture, Rural Development, and Related Agencies subcommittee totals \$33,951,984,000 in obligational authority and \$21,400,000,000 in outlays. These totals are \$7,020,832,000 below the fiscal year 1983 levels, including pending supplemental requests.

Due to the soaring costs associated with farm programs, the appropriation for the Commodity Credit Corporation (CCC) is requiring an increasingly significant portion of the subcommittee's bill total. In fiscal year 1983, Congress provided \$10,466,057,000 to reimburse CCC for net realized losses. Pending is a supplemental request for \$5,707,457,000. Although some savings may be realized as a result of the payment-in-kind (PIK) program, the Committee believes that fiscal year 1984 requirements for CCC may exceed the requested amount of \$10,173,636,000, possibly by as much as \$2,200,000,000 due to the unresolved issue of collection of the 50-cent per hundredweight assessment on dairy products.

The nutrition programs administered by USDA consume over 40 percent of the President's request. A general nutrition assistance grant program proposed by the President to replace some of the child nutrition programs would result in substantial reductions. Similarly, a number of proposed legislative changes in the food stamp program are the basis for sizable projected savings. The Committee believes these proposed reductions and savings may be difficult to achieve. However, should the legislative changes be enacted, the Committee will reconsider its recommendations. The Committee also notes that the proposed transfer of the elderly feeding program to the Department of Health and Human Services has been rejected by the Congress in each of the last 2 years.

The Committee maintains its position that it is in the best interest of the country to provide at least current funding levels for research, extension, animal and plant health inspection, conservation, and rural development grant programs.

In the credit budget, significant reductions are proposed for the Rural Electrification Administration (REA) and the Farmers Home Administration (FmHA) lending programs. Proposed reductions for REA total \$1,900,000,000. For FmHA, the President proposes to replace \$3,100,000,000 in the housing loan program with an \$850,000,000 rural housing block grant program. The Committee believes lending programs should remain at least at current levels until changed legislatively. Further, in view of the current state of the economy and the plight of rural America, the Committee believes that substantial reductions in the FmHA and REA lending programs may be imprudent.

COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES

For fiscal year 1984, a total of \$10,200,000,000 is requested in new budget authority and \$11,000,000,000 in total outlays by the administration for the departments and agencies under the jurisdiction of the Commerce, Justice, State, the Judiciary and Related Agencies appropriations bill. This figure includes \$9,800,000,000 requested by the President and \$257,000,000 for the Legal Services Corporation, which by law submits its budget request directly to Congress. In addition, the budget includes \$401,000,000 for an appropriation to liquidate contract authority under the operating-differential subsidy program of the Maritime Administration.

The total for fiscal year 1984 is \$800,000,000 more than the fiscal year 1983 appropriations enacted to date. However, the subcommittee anticipates several supplemental requests which will substantially shrink the difference.

Several of the administration's estimates are dependent on enactment of cost savings measures. In addition, if the Immigration Reform bill is passed this year, the administration will require up to \$150,000,000 in new resources to enforce the law. Finally, other requests are based on economic assumptions or projected collection rates that may not materialize as the year progresses. All of these uncertainties make the job of budget forecasting difficult, if not impossible, at this time. For example, if current rates prevail for S.B.A. loan defaults and collections rather than the administration's more optimistic projections, the S.B.A. would require an additional \$300,000,000.

Given this wide range of possibilities, the Committee will base its actions on the President's estimate totals at this time. When all figures at this early stage of the process are so very tentative as to be almost arbitrary in nature, the President's estimates provide merely a beginning for discussions. After the hearings are completed and all the budget amendments have been submitted, the Committee will be able to draw up an accurate recommendation for its binding budget allocation.

While the Committee bases its initial recommendations on the President's totals, it is important to stress that every account will receive the most rigid scrutiny. The Committee will try to keep its totals in line with the President's totals but expects to make a number of changes within the individual items.

DEFENSE

The Committee recommends budget authority reductions of \$1,600,000,000 for programs and operations funded in the Defense appropriations bill. No changes are currently recommended in outlay estimates based on the President's budget submission.

Uncertainties over pay and benefits entitlements that have substantial impact on defense spending make it impractical to develop any reliable changes in spendout projections.

Generally, the Committee believes economies can be achieved in operations and maintenance, procurement, and research and develop-

ment without impairing essential readiness and modernization objectives. However, any outlay savings that accrue from the recommended budget authority reduction may be nullified or even reversed by high-outlay costs of pay and benefits entitlement increases that may be approved by Congress.

Further, the Committee has not attempted to develop funding estimates for modernization of the land-based intercontinental ballistic missile system. Pending budget estimates for the MX proposal of more than \$6,600,000,000 could be altered drastically by recommendations now under consideration by the President's Commission on Strategic Forces. Accordingly, the Committee has accepted the current budget estimates for purposes of this report, leaving the option to offer adjustments when more information is available.

This recommendation recognizes the cutbacks in the defense budget already imposed by the President, amounting to \$11,300,000,000 in budget authority and \$8,400,000,000 in outlay savings from the original defense budget growth path.

DISTRICT OF COLUMBIA

The proposed Federal budget includes a total of \$575,600,000 in Federal funds for the fiscal year ending September 30, 1984. The Committee believes that those estimates will be adequate if certain assumptions prove to be accurate.

The amount requested will require additional authorizing action in the amount of \$25,000,000. The Committee expects this to be complete prior to final action on the 1984 request.

Currently, the District borrows at prevailing interest rates from the U.S. Treasury for capital projects. In fiscal year 1984, the administration proposes reducing this availability by \$30,000,000 below current levels. The District will attempt to offset this reduction with the issuance of tax-exempt general obligation bonds to finance capital improvement projects. The Committee supports these efforts, but is also aware that the budget estimate is substantially below the amount authorized by the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, and the amount required to complete the fiscal year 1984 capital program. The Committee, therefore, notes that additional Treasury borrowing authority may be required later in the fiscal year, depending on the availability of the municipal bonds market and the status of the capital program.

This recommendation compares to \$573,012,600 enacted in fiscal year 1983, or an increase of 0.5 percent in Federal funds.

ENERGY AND WATER DEVELOPMENT

ENERGY ACTIVITIES

The budget request proposal includes a separate section for the Department of Energy. Legislation to dismantle or merge the Department, however, may again be submitted to the Congress. Unless this legislation is enacted, the fiscal year 1984 request for departmental administra-

tion will be inadequate to carry out general management and support activities.

Funding for energy programs within the jurisdiction of the subcommittee would increase substantially over the fiscal year 1983 levels. This higher funding level is primarily due to a proposed increase of \$1,078,000,000 for atomic energy defense activities. Most of the increase in energy defense is directed toward increased production and surveillance of nuclear warheads for a number of nuclear weapon systems. Large increases are also proposed for the production of nuclear materials to meet increased warhead requirements and for the disposal of defense nuclear waste. In addition, there may be a supplemental request for atomic energy defense activities of as much as \$300,000,000 which would have an impact on fiscal year 1984 funding levels.

In the civilian energy area, the budget proposes an overall reduction of approximately \$200,000,000. Energy supply, research, and development would be reduced by \$338,000,000 from the lower levels of last year. Major cuts of nearly 60 percent are again proposed for solar and renewable energy programs which in the past have been supported by Congress. In the nuclear area, the budget request includes an increase for the Clinch River Breeder Reactor, but holds other research and development activities at or below the fiscal year 1983 levels.

Funding for the implementation of the Nuclear Waste Policy Act of 1982 is included at \$307,000,000 which is \$89,000,000 greater than the funding in fiscal year 1983. The budget assumes that these expenditures will be offset by \$448,000,000 of receipts into the waste fund in fiscal year 1984. The proposed budget also includes essentially level funding for the continued construction of the Gas Centrifuge Enrichment Plant (GCEP). The general science programs are increased by \$109,000,000 which would support increased utilization of the facilities in the high energy and nuclear physics programs as well as a number of new initiatives in fiscal year 1984.

The budget for the Federal Energy Regulatory Commission is reduced substantially from fiscal year 1983 levels based on the enactment of legislation that would allow for increasing the revenues for processing fees by \$60,000,000.

WATER RESOURCE DEVELOPMENT PROGRAM

While the subcommittee has not completed its hearing process, it is evident that the budget request for 1984 for the Corps of Engineers continues the serious decline in the water resources construction program. This is principally due to the lack of new project authorization.

The Committee is aware of recent criticism over the large backlog of authorized but unfunded Corps water resource projects. This backlog is estimated to be in the \$40,000,000,000 to \$45,000,000,000 range. Yet, we believe much of this backlog, which has been on the books since the 1940's, would not be undertaken under current conditions and thus gives an unrealistic picture of the decline in both the construction program and the lack of new construction authorizations.

A more accurate picture of the Corps of Engineers' construction program is the \$4,700,000,000 balance to complete after fiscal 1984, which includes estimated inflation. Further, since 1980, the Corps has started construction on only 1 project while completing construction of 73 with another 12 scheduled for completion in fiscal 1984.

The 1984 request contains follow-on funding for eight new construction starts proposed last year which were deferred pending resolution of broader policy issues such as, the appropriate Federal role and level of participation in water resource development, cost sharing, innovative project financing, and user fees.

The 1984 budget request includes 23 new starts including 8 studies, 8 continuation of planning and engineering, 2 engineering and design, and 5 construction projects.

It should also be pointed out that major replacement and modernization work needs to be undertaken at critical structures associated with the Nation's inland waterway system, 42 percent of which are more than 40 years old. In addition, the President discussed in his state of the Union address, the need to upgrade the ports in this country. If broader policy issues can be resolved, substantial additional funds will be required to undertake this work in both 1983 and 1984.

For the Bureau of Reclamation, the funding level for 1983 provided by the continuing resolution was substantially below the level requested. This could result in delay of the award of nearly 100 contracts, the realization of projects benefits, and receipt of revenues under repayment contracts.

Additional rehabilitation and betterment, and irrigation distribution system work needs to be undertaken in order to improve existing facilities.

INDEPENDENT AGENCIES

Appalachian Regional Commission.—Again this year the administration has proposed to abolish the ARC and transfer its highway functions to the Federal Highway Administration, with an earmarking of highway trust funds for Appalachian highways. No ARC area development funds are requested.

Tennessee Valley Authority.—The Federal program for the Tennessee Valley Authority for fiscal year 1984 is \$122,000,000, a \$3,000,000 increase over the fiscal year 1983 budget request. No major issues or changes are anticipated.

Nuclear Regulatory Commission.—The NRC budget request for fiscal year 1984 is \$466,800,000, an increase of \$4,300,000 over fiscal year 1983. The budget continues the initiatives begun last year to improve licensing of nuclear powerplants. It is anticipated that legislation to streamline the licensing process will be submitted early in this session of Congress.

SUMMARY

While the Committee has not completed hearings on the fiscal year 1984 budget request, the following table summarizes a number of changes which could affect the funding levels for energy and water programs in fiscal years 1983 and 1984.

Function/Activity	Fiscal year 1983 supplementals	Fiscal year 1984 request
050/270—Energy activities/Defense	\$100,000,000	\$250,000,000
300—Natural resources and environemnt	+ 500,000,000	+ 350,000,000
450—Community and regional development		+ 120,000,000
Total	+ 600,000,000	+ 720,000,000

FOREIGN OPERATIONS

The fiscal year 1984 budget request for activities under the jurisdiction of the Foreign Operations Appropriations Subcommittee totals \$11,648,137,000 in budget authority and \$9,422,960,000 in outlays. This compares to a level of funding in fiscal year 1983, including requested supplementals, of \$20,418,802,000 in budget authority¹ and \$8,739,000,000 in outlays.

The administration's request for the foreign assistance programs funded by the Foreign Operations appropriations bill do not provide sufficient funding for two strongly supported congressional initiatives enacted in fiscal year 1983. The first of those initiatives is the direct loan program of the Export-Import Bank. Congress enacted a direct loan program of \$4,400,000,000 as compared to the administration's request of \$3,830,000,000. The administration's fiscal year 1984 request for direct loans matches the request for the previous fiscal year and it is very likely that Congress will provide at least the same amount as it did in fiscal year 1983—\$4,400,000,000. The budgetary effect of such a congressional initiative would be an additional \$565,000,000 in budget authority and \$34,000,000 in outlays.

The second congressional initiative eliminated from the fiscal year 1984 budget submission is the enhanced assistance program for the Middle East. The Committee approved an enhanced program for the Middle East which was \$325,000,000 in budget authority and an equal amount in outlays above the administration's fiscal year 1984 request.

It is very probable that both of these congressional initiatives will be enacted again this year, an action which would increase the administration's request by \$890,000,000 in budget authority and \$359,000,000 in outlays. The Committee believes it can partially offset these increases through reductions in the administration's request by \$500,000,000 in budget authority and \$25,000,000 in outlays. The outlay savings is mini-

¹ The budget authority figure for fiscal year 1983 assumes that the request for the IMF quota increase, \$8,464,000,000, will be sent up as a fiscal year 1983 supplemental, and the figure also includes the original BA estimate of Ex-Im Bank loan activity, as opposed to the reestimated figure. There is an \$846,000,000 difference in the Ex-Im Bank calculation.

mal because most of the programs in the foreign assistance bill are very slow spending.

With respect to the credit programs under the jurisdiction of the Foreign Operations appropriations bill, the administration's request is adequate except for the congressionally-favored increase in the Export-Import Bank direct loan authority as discussed above.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES

FISCAL YEAR 1983 BACKGROUND

The Housing and Urban Development-Independent Agencies appropriations bill provides funding for the Department of Housing and Urban Development and 17 agencies and offices.

Fiscal year 1983 base.—The Fiscal Year 1983 HUD-Independent Agencies Appropriations Act (Public Law 97-272) provided a total of \$53,000,000,000 in budget authority and \$55,800,000,000 in outlays.

The President has transmitted pay supplementals of \$200,000,000. In addition, the Committee expects to fund \$300,000,000 in additional VA construction during fiscal year 1983. With these supplementals, the fiscal year 1983 base would be \$53,500,000,000 in budget authority and \$56,000,000,000 in outlays. The Committee notes that the budget authority for the HUD-Independent Agencies Subcommittee will be reduced from \$69,100,000,000 in fiscal year 1979 to the expected level of \$53,500,000,000 in fiscal year 1983. This reduction represents a decrease in constant dollars of 44 percent over that timeframe.

FISCAL YEAR 1984 ESTIMATES

Fiscal year 1984 base.—The President's fiscal year 1984 budget contains \$46,500,000,000 in budget authority and \$57,400,000,000 in outlays. If proposed legislation is not enacted, an additional requirement for pay supplemental could add another \$300,000,000 in budget authority and outlays and the failure to enact proposed legislation (mostly Veterans Administration) would add another \$400,000,000 in budget authority and \$300,000,000 in outlays. The budget would, therefore, result in a requirement of about \$47,200,000,000 in budget authority and \$58,000,000,000 in outlays.

Possible additions to the amended base.—An addition to the base of \$200,000,000 in budget authority and outlays for VA compensation and pensions is expected to be transmitted at a later date. Pressure to increase certain programs that have enjoyed broad popular support are expected to add another \$500,000,000 in budget authority and \$200,000,000 in outlays. However, offsetting reductions of \$300,000,000 in budget authority and \$100,000,000 in outlays are also anticipated. Advanced funding of certain programs during fiscal year 1983 contained in the fiscal year 1984 request, would reduce the fiscal year 1984 requirements by an additional \$200,000,000 in budget authority. In total, these requirements would result in a net adjusted total of \$47,400,000,000 in budget authority and \$58,400,000,000 in outlays.

Additional considerations.—The Committee notes that the HUD budget request for assisted housing has been reduced from a level of \$8,600,000,000 in budget authority for fiscal year 1983 to \$500,000,000 for fiscal year 1984. At this time, the Committee cannot predict to what extent congressional action will result in the development of new housing programs that will require substantial additional funding in fiscal year 1984. However, the Committee expects that an additional \$8,100,000,000 in new budget authority and \$100,000,000 in outlays may be necessary to fund these housing programs during fiscal year 1984.

The Committee is well aware of the sentiment of Congress regarding the role of the Appropriations Committee in setting credit control limitations as expressed in section 136 of Public Law 97-92. The HUD-Independent Agencies Subcommittee has over \$100,000,000,000 in annual credit limitations under its jurisdiction. As in the past, the subcommittee intends to carefully weigh the need for extending Federal credit against its potential impact on the credit market.

Recapitulation.—The fiscal year 1984 administration budget request would reduce funding for programs in the HUD-Independent Agencies appropriations bill by an estimated \$7,000,000,000 in budget authority and increase outlays by \$1,400,000,000 from the expected fiscal year 1983 level. The Committee anticipates that \$55,400,000,000 in budget authority and \$58,400,000,000 in outlays will be required in fiscal year 1984. At this level, the budget authority for fiscal year 1984 represents a slight decrease in constant dollars from the fiscal year 1983 level. To the extent that legislative cost savings are achieved (for example, COLA delays), the subcommittee's requirements will be reduced. On the other hand, the enactment of a jobs package during fiscal year 1983 would likely increase outlays expected in fiscal year 1984.

INTERIOR AND RELATED AGENCIES

The Interior and Related Agencies appropriations bill provides funding for the Department of the Interior (except the Bureau of Reclamation), the Forest Service, most of the nonnuclear and nondefense-related activities of the Department of Energy, and some 16 related agencies, including the Smithsonian Institution, Indian Health, Indian Education, the National Endowment for the Arts, and the National Endowment for the Humanities. The three largest agencies—Interior, Forest Service, and Energy—account for over 80 percent of the total budget authority considered by the Committee. Approximately 98.5 percent of this budget authority is for nonentitlement programs and thus considered discretionary.

Through passage of Public Law 97-394, the "Interior and Related Agencies Appropriation Act, 1983," some \$7,794,078,000 in new budget authority was provided. This represented an increase of just \$190,701,000—or 2.5 percent—in new budget authority above the fiscal year 1982 level, and a decrease of \$1,662,705,000—or 14.5 percent—in new budget authority below the fiscal year 1981 level. In addition to the new budget authority made available in Public Law 97-394, some \$180,900,000 in funds appropriated in previous years was applied to fis-

cal 1983 programs. Thus, the fiscal year 1983 program level was some \$7,944,978,000.

As in previous years, the Committee will also be considering a supplemental request for a variety of programs, particularly fire suppression activities of the Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, and the Forest Service. The administration's 1983 supplemental request totals some \$128,894,000.

For fiscal year 1984, the Committee will be reviewing a proposed budget of \$6,723,670,000, a reduction of 11.6 percent in new budget authority from the fiscal year 1982 level and 13.7 percent in new budget authority from the 1983 level. Associated outlays amount to some \$7,950,071,000. Included among those programs reduced in fiscal year 1984 from the fiscal year 1983 levels are: the Bureau of Mines; Territorial Affairs; Fish and Wildlife Service; Indian Education; Indian Health; the National Endowments for the Arts and the Humanities; fossil energy R&D; energy conservation; National Park Service; and the Strategic Petroleum Reserve. Of the 29 accounts under the jurisdiction of the Interior and Related Agencies Subcommittee, just 11 are proposed for increase above the 1983 level.

As in the past, the Committee expects that congressional interest in the Interior bill will foster increases, rather than decreases, from the fiscal year 1983 program level. In an effort to maintain the programs included in this bill at levels which will assure a viable effort while still fiscally responsible, the Committee has recommended a current services budget calling for some \$8,300,000,000 in new budget authority and corresponding outlays of \$9,000,000,000.

LABOR-HHS-EDUCATION AND RELATED AGENCIES

For the programs and activities funded under the Departments of Labor, Health and Human Services, and Education Appropriation Act, the President has requested \$88,900,000,000 in new budget authority for fiscal year 1984. Together with advances appropriated in prior years, this brings the total administration budget estimate to \$96,000,000,000 for fiscal year 1984—an increase of approximately \$4,400,000,000 over appropriations to date for fiscal year 1983: \$91,600,000,000.

FISCAL YEAR 1983 SUPPLEMENTALS

Included with the President's budget are \$5,100,000,000 in fiscal year 1983 supplemental requests, primarily associated with increased requirements for unemployment compensation, and \$1,200,000,000 in rescissions. Of the rescissions requested, \$900,000,000 is directly attributed to revised estimates of interest rates affecting the guaranteed student loan program. The Committee believes that it is necessary to examine the 1984 request in the context of total anticipated appropriations for fiscal year 1983 which are likely to include substantial additional funding to stimulate job creation and provide emergency humanitarian relief to those affected by the recession. At the time of preparation of this report it is difficult to predict the net impact of such a supplemental; however, early indications are that the impact solely on this appropriation could

be in excess of \$1,000,000,000, targeted principally to those programs that provide services to the needy and job training opportunities for dislocated workers. In addition, the Committee anticipates the passage of legislation extending Federal supplemental benefits to the unemployed. Such legislation could require in excess of \$3,000,000,000 in additional fiscal year 1983 funding. Thus, the fiscal year 1984 budget estimate could be as much as 4 to 5 percent below actual 1983 appropriations when supplementals are included. The Committee believes that these supplementals cannot be discounted from consideration of future requirements: First, because of the impact which they certainly will have on outlays, and second, because of the requirements they will place on budget authority in fiscal year 1984. This latter concern is discussed below.

Finally, the President's budget includes \$19,900,000,000 for later transmittal for a one-time payment to the social security trust fund for military service credits and for unnegotiated social security checks. This is part of the compromise arrived at by the President's Commission on Social Security Reform.

FISCAL YEAR 1984 BUDGET REQUEST

An examination of the fiscal year 1984 budget request leads the Committee to raise several matters of concern. First, the budget estimate reflects the continued erosion of the discretionary portion of the subcommittee's budget. The Committee notes that although the overall appropriations for programs under the subcommittee's jurisdiction have continued to grow, substantial reductions have occurred in the nonmandatory programs. In fiscal year 1984, the President has requested \$69,600,000,000 for mandatory programs. This represents 73 percent of the funding requested for all programs in the bill, as compared with 61 percent appropriated only 3 years ago in fiscal year 1981. The table below illustrates this trend:

DISTRIBUTION BETWEEN MANDATORY AND DISCRETIONARY APPROPRIATIONS

[Dollars in billions]

	Fiscal year—				
	1981	1982	1983	1983 revised request ¹	1984 request
Mandatory.....	\$53.9	\$60.3	\$62.7	\$66.9	\$69.6
Percent	61	68	68	70	73
Discretionary	\$36.0	\$28.3	\$28.9	\$28.6	\$26.4
Percent	39	32	32	30	27
Total	\$89.9	\$88.6	\$91.6	\$95.5	\$96.0

¹ Includes supplementals and rescissions requested in budget.

In the period which has intervened between fiscal years 1981 and 1983, appropriations for mandatory programs have grown 29 percent

while funding for important discretionary programs has been reduced 27 percent. While the Committee welcomes the opportunity to achieve savings and will continue to do so, discretionary programs cannot be penalized indefinitely for growth in entitlement programs. They do not have the resources to offset increases in other programs.

The Committee also notes that the budget assumes more than \$1,300,000,000 in savings contingent upon the enactment of legislation, some of which was considered in the previous Congress. The Committee believes it prudent policy to project budgetary needs based on the requirements of existing law. Since most of the assumed savings are in the entitlement areas, the Committee notes that they will be captured upon the enactment of appropriate legislation. During fiscal year 1983, the Appropriations Committee has been held harmless for entitlement savings assumed under the budget resolution, but not achieved due to failure to enact necessary legislation and other external factors that drive entitlement costs. This agreement was beneficial and absolutely necessary to preserving congressional prerogatives and preventing further erosion of discretionary programs. The Committee believes that this agreement should be continued.

Another matter of concern to the Committee, apart from the distribution between discretionary and mandatory programs, is the extent of reductions proposed for nonmandatory programs. Under the President's budget, \$26,400,000,000 in new budget authority is requested for fiscal year 1984 to support discretionary employment, training, health, education, and social service programs. This constitutes a net reduction of \$2,500,000,000 from fiscal year 1983 appropriations to date—a reduction in real terms of 13.6 percent. In fiscal year 1983, the Congress achieved agreement on maintaining the Federal commitment to most social programs at essentially the level provided in fiscal year 1982. The budget request proposes substantial cuts in these program areas and, hence, would constitute a major departure from the policy adopted in a number of areas of congressional priority.

SUMMARY AND CONCLUSION

The Committee intends to achieve savings wherever possible through the elimination of unnecessary and wasteful programs. Nevertheless, it must be recognized that an aggregate 20-percent reduction in discretionary funding has already occurred in 1982 and 1983, while entitlement costs continue to take more of the dollars available (73 percent in the fiscal year 1984 budget). Any further discretionary reductions must and will be carefully examined in the context of the individual programs and the overall priorities established by the Congress in the health care, education, and employment areas. In fiscal year 1983, Congress reached agreement on a desirable level of commitment in each major area of the subcommittee's budget. In order to restore actual reductions proposed by the administration and continue a current level of services provided by the discretionary programs, \$4,800,000,000 in additional new budget authority would be required. In addition, the Committee notes that the administration has failed to request the full amount of ad-

vance appropriations necessary to fund the new Job Training Partnership Act for the 9 months required under the act. While no additional outlays are associated with this requirement, \$2,400,000,000 in new budget authority would be necessary to continue current advance funding policy, bringing the total current services estimate to \$33,600,000,000. In the entitlement area, the Committee assumes that current law remains unchanged, adding \$1,400,000,000 to the budget request. Also, information available suggests that as much as \$600,000,000 more may be required to adequately fund entitlement programs. The Committee estimates that a total of \$109,000,000,000 in 1984 outlays would be required under a current services concept. This is \$4,500,000,000 more than the CBO estimate projection of the President's budget. This estimate does not reflect the impact of an emergency supplemental to stimulate job creation and provide humanitarian relief.

Finally, the Committee feels constrained to underscore the fact that its ability to exercise restraint in Federal spending will be affected by the strength of the economy generally. As mentioned above, the high rate of unemployment and accompanying difficulties faced by a large portion of the population are expected to give rise to substantial additional funding in fiscal year 1983 supplementals. While improvement is projected in the months ahead, the Committee is concerned that high rates of unemployment at the beginning of fiscal year 1984 and throughout the year again may necessitate unbudgeted appropriations. Congress has and will continue to respond to the unemployed and the needy and thus, budgetary flexibility must be assumed to meet this contingency.

LEGISLATIVE BRANCH

The Committee recommends a target of \$1,500,000,000 in both budget authority and outlays for fiscal year 1984. This amount is the same as the President's budget request.

The legislative branch has been under tight fiscal constraints since the need for controlling Federal spending was first enunciated by President Reagan. The subcommittee has sought to insure that the legislative branch shared equally in the spending reductions Congress has imposed on other parts of the Government. For example, in Public Law 97-12, the Senate reduced its own fiscal year 1981 appropriations by 10 percent under the fiscal year 1980 level, and returned \$46,000,000 in prior-year appropriations to the Treasury. More recently, annual appropriations for fiscal year 1983 for the legislative branch as a whole were \$30,000,000 under the fiscal year 1982 level. Now, however, it appears inevitable that we must anticipate very modest funding growth in fiscal year 1984. Costs continue to rise and increases which have been absorbed over the past 3 years can no longer be.

Further, two major construction programs are being discussed which would affect the fiscal year 1984 legislative branch budget. A request for a fiscal year 1983 supplemental appropriation of \$72,000,000 has been submitted by the Architect of the Capitol for renovations to the Thomas Jefferson and John Adams Library of Congress buildings. This

request is not yet officially a part of the President's request. Also, there are indications that the Commission on the West Central Front of the Capitol may meet in the near future and recommend beginning at last the restoration or extension of the West Front of the Capitol. These programs would have a major impact on the fiscal year 1984 legislative branch budget, certainly in outlays and very likely in budget authority as well.

Should Congress approve these major construction programs, it may be necessary to request additional funds. At the present time, however, the Committee recommends a target of \$1,500,000,000 for the Legislative Branch Subcommittee for fiscal year 1984.

MILITARY CONSTRUCTION

Activities financed in the Military Construction bill include worldwide military construction as well as construction and operation and maintenance of military family housing.

The budget for the fiscal year 1984 military construction program includes a request in new budget authority of \$8,655,000,000 (\$5,822,000,000 in military construction; \$2,833,000,000 in family housing). If enacted as requested, the estimated outlays during fiscal year 1984 for the military construction accounts would be \$7,247,000,000.

The fiscal year 1984 budget reflects an increase of \$400,000,000 over the fiscal year 1983 request. This request continues the policy of the administration to reduce the huge backlog of valid military construction requirements while at the same time to meet the facility needs created by the introduction of new weapons systems and programs.

The Committee is just beginning to review the justifications for the fiscal year 1984 budget request. During the review and hearing process, the Committee must carefully consider funding for more than 1,500 individual line items. While the Committee supports the goals of the military construction program as submitted, it is believed that there is some room for reduction without any major impact to the program. The Committee takes this view in light of the 15-percent reduction made to the fiscal year 1983 request. However, at this time, the Committee finds it impossible to make specific recommendations on reductions to the budget.

TRANSPORTATION

The Committee continues to believe that spending decisions made toward a healthy national transportation system will contribute substantially to the revitalization of America's economy. The economical delivery of goods and services helps to lower costs for both producers and consumers, while opening otherwise unavailable markets to broader competition. Transportation affects the daily lives of all Americans—as passengers, consumers, employees, shippers, and investors. Transportation influences population distribution; economic development; the shape of cities; energy consumption; the balance of trade; business and farm access to markets and materials; the ability to meet national emer-

gencies and the pace, style, and quality of life. Internationally, transportation is the connecting link which permits the exchange of goods and people among the nations of the world. As has been pointed out in previous reports, the United States each year spends about 20 percent of its gross national product on transportation, while one out of eight persons in the labor force is employed directly in some aspect of transportation. With our national defense, energy policy, and overall quality of life depending so heavily on transportation, it becomes increasingly important that we strive to increase productivity in transportation, eliminate waste and duplication, and prevent deterioration of our existing facilities. Prudent decisions in the transportation sector can thus form a keystone to the Nation's efforts to get the economy moving again.

The recent enactment of the Surface Transportation Act was a major step toward the rebuilding of our transportation infrastructure and the related revitalization of America's economy. This Committee does not intend to retreat from the commitment embodied in that act, and does not expect that Congress will fully concur with the restrictive limitations which are incorporated in the budget request for highways and mass transit.

The Federal commitment to equitable urban and rural mass transit systems can be expected to be retained by Congress. These transit systems are vital to the economy: Federal operating assistance has been built into the economics of existing systems and cannot be rapidly terminated without serious dislocations. High priority construction, renovation, and other projects which can be expected to stimulate the economic recovery, provide for the continued viability of our cities, and maintain existing transit properties in good operating order will be given consideration. In addition, the Federal commitment to fund in excess of \$5,000,000,000 of interstate transfer grant substitution projects over the next few years is not being adequately addressed. Delay in meeting this commitment only serves to increase spending needs in future years, at inflated construction costs.

Congress can also be expected to maintain its commitment to a truly nationwide rail passenger system, including previous commitments made to States for local commuter services, and to continue its initiatives to replenish the capital assets and operational capability of the Coast Guard. The growth of Coast Guard responsibilities has severely restricted its abilities to properly respond to its most basic missions.

In a number of agency budgets, it can be anticipated that those projects identified last year as having priority will continue to receive favorable consideration. This is especially so in areas which address safety matters, where the cost of acting is far less than the cost of increased accidents.

Careful attention will be paid to appropriate levels of funding for research activities. As the state of the Union message points out, there is a Federal responsibility to maintain U.S. leadership in research. Through transportation research support will come industrial competitiveness, new jobs, and an improved quality of life.

It is to be noted that 69 percent of the Department of Transportation's requested budget authority is related to user fees, and while this tends to support the availability of funds from dedicated sources, it also serves to diminish the annual review available through the appropriations process. The Committee can be expected to continue to recommend limitations where appropriate to maintain this control over spending.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

The Committee has recommended aggregate total new budget authority of \$11,970,400,000 in fiscal year 1984 for the programs and activities of the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain independent agencies, commissions, boards, and offices which come under the jurisdiction of the Treasury, Postal Service, and General Government Subcommittee. This amount is \$390,400,000, or approximately 3.4 percent, over the President's fiscal year 1984 budget estimates and \$488,900,000, or 4.2 percent, over the combined amounts enacted and/or estimated for supplemental requirements in fiscal year 1983.

It should be noted at the outset that, due to the effort by the Committee to expedite its report of total recommended funding levels to the Budget Committee in advance of its normal March 15 target date, the Committee has not had the opportunity to analyze in detail the various budget justifications and submissions from the individual agencies, departments, and offices under the jurisdiction of the Treasury Subcommittee. The Committee also has not had the benefit of oversight hearings to discuss individual agency budget requests with administration witnesses, nor has it been able to hear from the numerous public witnesses scheduled to testify on agency budgets later this spring. Nevertheless, the Committee has made some tentative decisions on the total amount of appropriations that will be required to fund these important activities next year and has made a preliminary review of the major program initiatives in the President's fiscal year 1984 budget.

The following table reflects the Committee's tentative recommendations by title as they would appear in the fiscal year 1984 Treasury, Postal Service, and General Government appropriation bill, 1984, showing these totals as compared to the President's budget request, the combined fiscal year 1983 estimates, and actual appropriations for fiscal year 1982:

RECOMMENDATIONS BY TITLE—FISCAL YEAR 1984

[In billions of dollars]

	Title I	Title II	Title III	Title IV	Total
Fiscal year 1982 actual	4,067.0	707.0	82.0	5,339.8	10,195.8
Fiscal year 1983 ¹	4,574.4	789.0	89.3	6,028.8	11,481.5
President's 1984 request	4,884.1	400.0	98.6	6,197.3	11,580.0
Committee recommendation	4,924.1	760.0	93.9	6,192.4	11,970.4
1982 actual	+ 857.1	+ 53.0	+ 11.9	+ 852.6	+ 1,774.6
1983	+ 349.7	- 29.0	+ 4.6	+ 163.6	+ 488.9
1984 request	+ 40.0	+ 360.0	- 4.7	- 4.9	+ 390.4

¹ Includes fiscal 1983 appropriations enacted to date and pending supplemental requests.

ESTIMATED OUTLAYS ASSOCIATED WITH COMMITTEE RECOMMENDATION

The following table indicates the estimated outlays associated with both the President's fiscal year 1984 budget request and the Committee's tentative recommended level of funding for next year by title and in the aggregate:

[In millions of dollars]

Title	President's 1984 request	Commit- tee 1984 recom- mendation	Difference President versus Committee
Title I—Treasury:			
Budget authority	4,884.1	4,924.1	+ 40.0
Outlays	4,415.9	4,452.1	+ 36.2
Title II—Postal Service:			
Budget authority	400.0	760.0	+ 360.0
Outlays	400.0	760.0	+ 360.0
Title III—Executive Office of the President:			
Budget authority	98.6	93.9	- 4.7
Outlays	87.1	83.0	- 4.1
Title IV—Independent agencies:			
Budget authority	6,197.3	6,192.4	- 4.9
Outlays	6,032.0	6,027.2	- 4.5
Total:			
Budget authority	11,580.0	11,970.4	+ 390.4
Outlays	10,935.0	11,322.3	+ 387.3

TITLE I—TREASURY DEPARTMENT

The Committee tentatively recommends \$4,924,100,000 to cover the funding requirements of the various agencies within the Department of the Treasury, including the Office of the Secretary, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Customs Service, the Bureau of the Mint, the Internal Revenue Service, and the U.S. Secret Service.

In recommending new budget authority which is approximately \$37,800,000 more than the President's budget for title I agencies and programs, the Committee acknowledges that certain reductions in both personnel and dollars must be restored to adequate levels if we are to maintain a strong law enforcement presence in such important areas as

drug interdiction, revenue collection, and protection of the President. For example, the President's budget calls for significant cutbacks in the U.S. Customs inspectors and other key personnel who are involved in direct law enforcement activities and passenger facilitation at major ports of entry. The President's budget also calls for reductions in those programs that are designed to assist taxpayers in preparing their tax returns and complying with our complex tax laws.

Therefore, although the Committee believes that reductions can be made in the agencies and programs covered by title I of the Treasury, Postal Service, and General Government appropriation bill, it cautions against proposing cutbacks in those agencies and programs in Treasury where there is high payoff for the public, at least until a more comprehensive examination of the individual agency budget submissions and hearings can be held to determine where economies, if any, can be made.

TITLE II—POSTAL SERVICE

This year marks the first year the revenue foregone subsidy composes the entire Postal Service appropriation. It is composed of two parts. The first being the continuing appropriation, which is based on a permanent authorization to pay the reduced-rate mailers' share of the overhead of the postal system, as determined in postal rate proceedings, plus all costs for free mail for the blind and overseas voting. The other part, the phasing appropriation, has been designed to extend over several years the price increases which fall to the subsidized mail categories when the rates are changed for all mailers. The phase-in agreement was reached between the mailers and the Postal Service to allow mailers who had been heavily subsidized in past years to adjust more easily to higher price levels. With enactment of Public Law 97-377, all preferred rate mailers had their rates increased to step 14 on the established 16-step phasing schedule.

Based on the funding requirement for fiscal year 1983, it would appear that the \$400,000,000 requested in the President's budget will fall considerably short to fund just the continuing portion of the authorized price reductions. Without specific instructions from Congress, all subsidized mailers other than free mail categories would participate in the required rate adjustment. Such an increase would move all of them past step 16.

The Committee will need to hold hearings to determine the exact effect the budget request will have on these rates.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

The Committee recognizes the importance of the small but crucial agencies and offices funded under this title and the key role they play in assisting the President and the executive branch. The Committee also recognizes that these offices are staff intensive, with any reductions normally resulting in actual personnel cutbacks. However, the Committee's initial review of the budgets under this title indicates that some small reductions may be appropriate, but judgment should be reserved on the

actual extent of such reductions pending further examination in the course of regular budget hearings this spring.

TITLE IV—INDEPENDENT AGENCIES

The Committee has jurisdiction over a number of agencies which provide valuable services to the Federal Government. Entitlements such as the Federal share for employee health benefits and the civil service retirement system make up the largest portion of this title.

Another major component is the General Services Administration. The Committee has not had the opportunity to review the specifics of the fiscal year 1984 budget submission, so hearings must be held before a final budget decision can be reached.

GENERAL GOVERNMENT SAVINGS

In developing its tentative aggregate fiscal year 1984 spending estimates for the programs and activities covered by the Treasury, Postal Service, and General Government Subcommittee, the Committee did not assume a specific level of general government administrative savings to be achieved in the coming fiscal year. Nevertheless, the Committee continues to believe strongly that millions of dollars can and should be cut in at least two major areas: (1) consultant services and (2) operation and maintenance of the Federal motor vehicle fleet.

During its deliberations over fiscal year 1983 Treasury, Postal Service, and General Government appropriations, the Committee directed in the bill that savings of \$320,000,000 in consultant services and \$150,000,000 in operation and maintenance costs of the Federal motor vehicle fleet be achieved in fiscal year 1983. Despite clear, unmistakable language in S. 2916—the Treasury, Postal Service, and General Government appropriation bill, 1983—the Office of Management and Budget (OMB) willfully disregarded the Committee directives and refused to recognize the savings called for in the bill. Although the language contained in S. 2916 regarding these two administrative savings was not retained in the Further Continuing Resolution, 1983 (Public Law 97-377), the Committee is deeply disturbed over OMB's continued reluctance to either initiate its own program for reducing expenditures in these two areas, or to acknowledge specific cost-saving measures mandated by the Committee.

Therefore, the Committee recommends that the Budget Committees in both the House and Senate give serious consideration to incorporating substantial savings in both consultant services and Federal motor vehicle fleet operations into their assumptions for the first budget resolution for 1984. At the same time, the Committee intends to recommend substantial savings in both of these areas during the course of its review of the President's fiscal year 1984 budget and during markup of the Treasury, Postal Service, and General Government appropriation bill for fiscal year 1984. Furthermore, the Committee intends to recommend that a new object classification account be established in the President's fiscal year 1985 budget of the United States to indicate, by agency, the amount that is spent on consultant services.